

HONORABLE RONALD B. LEIGHTON

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
AT TACOMA

NATURE'S FOOTPRINT, INC. (formerly  
CASCADE MANUFACTURING SALES,  
INC.),

Plaintiff,

v.

PROVIDNET CO TRUST, a Washington  
trust dba WORMSWRANGLER.COM;  
BARRY RUSSELL, an individual,

Defendants.

Case No. C08-5433RBL

ORDER ON PLAINTIFF'S REQUEST  
FOR FEES AND COSTS

THIS MATTER is before the Court on Plaintiff's Motion for Attorneys' Fees, Costs and Litigation Expenses [Dkt. #108]. The Court has reviewed the materials for and against said motion and is fully familiar with the underlying facts in this case. Oral argument is not necessary to resolve the issues set forth in this motion. For the reasons set forth below, the Court awards plaintiff's fees and costs in a reduced amount.

**I. BACKGROUND**

After numerous exchanges with defendants' counsel which were unsuccessful in getting defendants to stop the infringing use of plaintiff's trademark, plaintiff filed this lawsuit on July 10, 2008.

{Dkt. #1}. Plaintiff sought and obtained a preliminary injunction, which the Court ordered on November 12, 2008. [Dkt. #33]. Defendants requested reconsideration [Dkt. #36] of the Court's order granting the injunction. The Court denied the request to reconsider, and clarified that the injunction covered "WORM FACTORY" as well as confusingly similar terms, such as "FACTORY OF WORMS." [Dkt. #42]. Following a period of non-compliance with the injunction by the defendants, plaintiff sought and obtained an Order of Contempt, which the Court entered on July 2, 2009. [Dkt. #65]. Thereafter, plaintiff filed a Motion for Summary Judgment [Dkt. #70] which was denied. Defendants filed a Motion to Dismiss for Fraud [Dkt. #67] which was also denied.

The case was tried to the bench in a four day trial starting on February 8, 2010. Following trial, the Court found that: (1) plaintiff had rights in the "WORM FACTORY" trademark and enjoined defendants from using this mark or confusingly similar variations; and (2) defendants had violated Washington's Consumer Protection Act by falsely advertising that defendants' products were "Made in the USA" and had a patent pending, when neither statement was true under the applicable law. The Court also found that plaintiff failed to prove that any of these violations caused plaintiff damages. The Court made the preliminary injunction permanent. [Dkt. #107].

An award of fees may be appropriate in this case because, although the Court did not award money damages to plaintiff, the fact that the Court awarded injunctive relief and found in favor of plaintiff on the issue of liability means that plaintiff was the "prevailing party." Furthermore, the Court issued a contempt order against defendants and noted that defendants needed to be "cajoled" into stopping use of the trademark. An award of costs is appropriate pursuant to Federal Rule 54(d)(1) and Local Rule 54(d).

## **II. DISCUSSION**

### **A. Plaintiff is Not Entitled to Fees Under the Lanham Act**

Attorneys' fees are available to the prevailing party under the Lanham Act for "exceptional

1 cases.” While bad faith on the part of the losing party may provide evidence that the case is exceptional,  
2 other exceptional circumstances may warrant a fee award as well. *Earthquake Sound Corp. v. Bumper*  
3 *Indus.*, 352 F.3d 1210, 1221 (9<sup>th</sup> Cir. 2003); *Stephen W. Boney, Inc. v. Boney Servs., Inc.*, 127 F.3d 821,  
4 827 (9<sup>th</sup> Cir. 1997). An award of damages is not necessary to support an award of attorneys’ fees, and a  
5 plaintiff who obtains injunctive relief but not damages may be entitled to fees. *Bandag, Inc. v. Al*  
6 *Bolser’s Tire Stores, Inc.*, 750 F.2s 903, 919 (Fed. Cir. 1984).

7  
8 In the case at bar, although defendants were slow to realize his obligation to cease and desist  
9 infringing the plaintiff’s trademark, once convinced of their obligations they worked hard to meet the  
10 Court’s expectations and to comply with both the letter and spirit of the law. Unfortunately, the case did  
11 not stop there. The Court is convinced that plaintiff sought to use its superior position vis-a-vis the  
12 trademark to, cause harm to a competitor. Given this Court’s strongly-held belief that a significant part of  
13 this litigation was motivated by plaintiff’s desire to quash competition, no fees will be awarded under the  
14 Lanham Act’s “exceptional case” authority.  
15

16 **B. Plaintiff is Entitled to Fees Under the Washington Consumer Protection Act**

17  
18 Under the Washington Consumer Protection Act, an attorneys’ fee award is mandatory for  
19 plaintiffs who prevail on their CPA claims. *See State v. Black*, 100 Wn.2d 793, 676 P.2d 963, 970 (Wash.  
20 1984). Washington courts treat as prevailing parties “[any] one who receives an affirmative judgment in  
21 his or her favor.” *Riss v. Angel*, 131 Wn.2d 612, 934 P.2d 669, 681 (Wash. 1997).

22  
23 Here, the Court found that defendants marketed their products as “patent pending,” and “made in  
24 the USA,” when they knew that this was incorrect. Confusion to the purchasing public is the kind of  
25 public harm which the Consumer Protection Act was intended to prevent. Trademark infringement can  
26 cause confusion as well and is also a violation of the CPA. To deny attorneys’ fees in this context,  
27 notwithstanding the fact that defendants engaged in misleading advertising practices and trademark  
28 infringement, would allow defendants to engage in these types of tactics for a long period of time with

1 impunity. Plaintiff should be awarded some fees under the Washington Consumer Protection Act. Those  
2 fees should, however, reflect the Court's observation that a significant portion of this litigation was  
3 motivated not by a desire to protect a valid trademark, but to force a competitor out of business.

#### 4 **C. Determining the Lodestar Figure**

5 The Court ordinarily determines the amount of attorneys' fees to be awarded using a two-step  
6 process. *See Ballen v. City of Redmond*, 466 F.3d 736, 746 (9<sup>th</sup> Cir. 2006); *McGrath v. County of Nevada*,  
7 67 F.3d 248, 252 (9<sup>th</sup> Cir. 1995). The first step is to calculate the "lodestar figure" by taking the number  
8 of hours reasonably expended on the litigation and multiplying it by a reasonable hourly rate. *Ballen*, 466  
9 F.3d at 746; *McGrath*, 67 F.3d at 252; *Chuong Van Pham v. City of Seattle, Seattle City Light*, 159 Wn.2d  
10 527, 538, 151 P.3d 976 (2007). The court should then decide whether to adjust the lodestar figure up or  
11 down based on any *Kerr* factors. The twelve *Kerr* factors are: (1) the time and labor required, (2) the  
12 novelty and difficulty of the questions involved, (3) the skill requisite to perform the legal service  
13 properly, (4) the preclusion of other employment by the attorney due to acceptance of the case, (5) the  
14 customary fee, (6) whether the fee is fixed or contingent, (7) time limitations imposed by the client or the  
15 circumstances, (8) the amount involved and the results obtained, (9) the experience, reputation, and  
16 ability of the attorneys, (10) the 'undesirability' of the case, (11) the nature and length of the professional  
17 relationship with the client, and (12) awards in similar cases. *Kerr v. Screen Extras Guild, Inc.*, 526 F.2d  
18 67, 69-70 (9<sup>th</sup> Cir. 1975), *cert. denied*, 425 U.S. 951 (1976). These considerations are consistent with  
19 Washington Rule of Professional Conduct 1.5.

20 In this case, plaintiff's counsel billed plaintiff using a flat fee basis, charging \$3,000 per month,  
21 with the exception of the initial month during which plaintiff paid \$5,000 in fees. (The extra fees were  
22 charged for the preliminary injunction filing.) Both lawyers who prosecuted the case have significant  
23 experience in practicing in federal and state courts with respect to trademark matters, both in court and in  
24 front of the United States Patent and Trademark Office. Plaintiff conducted two depositions, and

1 prosecuted a four-day trial.

2 Additionally, plaintiff seeks costs in the amount of \$3,436.23 under Rule 54 and Local Rule 54.  
 3 These costs include (1) filing fees; (2) copy costs; (3) court reporter fees; (4) the premium for the bond  
 4 posted by plaintiff; and (5) costs of obtaining certified copies of the trademark files. All of these are  
 5 allowable as costs under Rule 54 and Local Rule 54.  
 6

7 **1. Reasonable Hourly Rate/Reasonable Number of Hours.**

8 In determining reasonable hourly rates, the Court must look to the “prevailing market rate in the  
 9 relevant community.” *Bell v. Clackamas County*, 341 F.3d 858, 868 (9<sup>th</sup> Cir. 2003). The rates of  
 10 comparable attorneys in the forum district are usually used. *See Gates v. Deukmejian*, 987 F.2d 1392,  
 11 1405 (9<sup>th</sup> Cir. 1992). In making its calculation, the Court should also consider the experience, skill, and  
 12 reputation of the attorneys requesting fees. *Schwarz v. Sec’y of Health & Human Servs.*, 73 F.3d 895, 906  
 13 (9<sup>th</sup> Cir. 1995).  
 14

15 In determining the reasonable number of hours, the Court may exclude those hours that are  
 16 excessive, redundant, or otherwise unnecessary. *Hensley*, 461 U.S. at 434; *Welch v. Metropolitan Life*  
 17 *Ins. Co.*, 480 F.3d 942, 946 (9<sup>th</sup> Cir. 2007).  
 18

19 In this case, plaintiff’s counsel do not seek their fee on an hourly rate basis. They identify neither  
 20 the hourly rate nor the hours involved. They charged a flat fee which was the result of a “guesstimate” of  
 21 the reasonable fee that should be charged for the activities contemplated in this case. The billing  
 22 mechanism selected by the plaintiff and its counsel is similar to “block billing” which is the failure to  
 23 itemize each task individually in the billing records. The time requested should ordinarily be reduced if  
 24 block billing makes it impossible to evaluate the reasonableness of the time. *See Welch v. Metropolitan*  
 25 *Life Ins. Co.*, 480 F.3d 942, 948 (9<sup>th</sup> Cir. 2007) (citing *Role Models Am., Inc. v. Brownlee*, 353 F.3d 962,  
 26 971 (D.C. Cir. 2004); *see also Mendez v. County of San Bernardino*, 540 F.3d 1109, 1129, (9<sup>th</sup> Cir. 2008).  
 27  
 28 In this case, however, the Court has no additional reason to challenge the reasonableness of the

1 methodology employed by counsel in setting their compensation; indeed, the fee seems to the Court to be  
2 reasonable if not low under the circumstances.

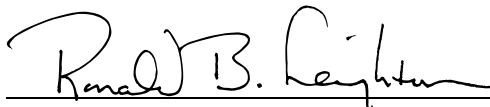
3 Although the Court believes that \$3,000 per month appears to be a reasonable estimate of fees  
4 incurred on the basis of reasonable time expended at a reasonable return for the attorney's effort, the  
5 Court is also acutely aware that very little time was spent on issues surrounding the "patent pending" or  
6 "made in USA" claims. Early on in the proceeding, some significant time, however, was spent protecting  
7 and enforcing valid trademark rights. The Court estimates that a fee award of \$20,000 is a generous  
8 allocation of time to those matters.  
9

10 Based on the material submitted, the nature of the fee arrangement between plaintiff and its  
11 counsel and the Court's knowledge of this case, it is the Court's opinion that attorney fees in the amount  
12 of \$20,000 should be awarded together with costs in the amount of \$3,436.23.  
13

### 14 **III. CONCLUSION**

15 As the prevailing party, plaintiff is entitled to an award of reasonable fees and costs. Therefore, it  
16 is hereby **ORDERED** that this Motion for Attorneys' Fees, Costs and Litigation Expenses [Dkt. #108] is  
17 **GRANTED IN PART.** The Court awards reasonable attorneys' fees of \$20,000 and reasonable litigation  
18 expenses of \$3,436.23.  
19

20 Dated this 11<sup>th</sup> day of May, 2010.

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23 RONALD B. LEIGHTON  
24 UNITED STATES DISTRICT JUDGE  
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